

Defining the Stewardship Track The National Environmental Performance Track

**December 13, 2000
Washington Hilton Hotel, Washington, DC**

Background

To develop its program on stewardship, EPA conducted a series of stakeholder sessions to better understand the most important considerations and issues involved in the development of the stewardship program. This feedback has occurred in three stages: one-on-one discussions with representatives from industry, states, NGOs and academics, a set of three discussion group meetings, and a number of sessions held at the "Charter Event" recognizing the first members of the performance track program.

This document summarizes six simultaneous discussions among representatives of Achievement Track Charter member companies and other invited attendees at a workshop on December 13, 2000.

Summary and Purpose of Session

The objective of these sessions was to hear from participants their ideas for the elements of a Stewardship Track Program. Unlike previous similar discussions hosted by EPA, the Agency asked that participants in the sessions frame their ideas in terms of four key elements of a Stewardship Track Program: environmental goals, incentives, program operations, and roles (of EPA and others). In addition, participants in several sessions discussed a definition for "steward" or "stewardship."

In all of the sessions, participants used the full time allotted for discussion and addressed the key topics outlined by EPA. There were generally 10-30 participants per session. EPA opened each session with an explanation of the results garnered at previous similar sessions. A contracted facilitator led each discussion.

The responses of the participants are summarized below. Generally, ideas or suggestions generated in multiple sessions, and particularly relevant ideas mentioned in one session, are included below. Where appropriate, ideas are qualified to communicate participants' level of enthusiasm, agreement or disagreement in regard to an idea or suggestion.

Conclusion

There was a high degree of similarity in responses from the six sessions. Participants in all of the sessions discussed the importance of regulatory flexibility, the efficiency of the permitting process, special status for Stewardship Track companies, mentoring as a means of bringing new companies into Stewardship Track, a neutral role for EPA among multiple stakeholders, and the meaning of stewardship as something special and unique, which would distinguish Stewardship Track from Achievement Track.

One idea mentioned by participants in several sessions, which touches on the Program as a whole, was that if EPA could sell Stewardship Track on its business and financial merits alone, there wouldn't be a need for environmental benefits or other incentives via quid pro quo to entice new companies to join the Program. This idea could be manifest in such things as bringing products to market more quickly, or reducing the costs of compliance with reporting requirements. This idea seemed to resonate with many participants in the sessions.

Responses by Topic

Definition of Steward(ship)

Participants in several sessions addressed the definition of steward, or stewardship, so that a distinction can be made between participants in Stewardship Track and Achievement Track. Participants in several sessions addressed the idea of community behavior. To be a steward, a company has to address local issues and its own corporate behavior, whether environmentally focused or not. Facilities and companies should provide services to communities and be involved in community organizations. They should also educate the community in regard to their environmental impacts so that community members can understand the relevant environmental issues.

One participant asserted that it is difficult to measure stewardship only in terms of numbers. Stewardship should not focus so much on being perfect, but having the company going the extra mile to reduce environmental impacts from its facilities. Moreover, Stewardship Track should require its participants to go beyond environmental issues. There should be a fundamental demonstration of commitment.

In this regard, said one participant, stewardship is not for everyone. It must be "the golden nugget." Participants generated several ideas regarding eligibility for the Stewardship Track Program. People suggested that Stewardship Track should be open to the number 1 environmental performing company in every state, or the top 5% of environmental performing companies in the country, or should be open to any company that meets the criteria of the Dow Jones sustainability index (there was some disagreement on this idea), or every company that can achieve a set of pre-defined requirements. Another idea was that the requirements of Stewardship Track should be dynamic. They should rise over time, as with a TQM model (e.g. whatever the criteria are one year, they are raised by half again, or doubled, the next year).

One participant suggested that Federal agencies should recognize that some companies are good stewards, and that they should be rewarded as such.

Environmental Goals

Participants noted a number of ideas common to multiple sessions about what the environmental goals of the Stewardship Track should be. They are presented below as a bulleted list with summary narrative.

- **Push the Envelope**

Participants in two of the sessions recommended that the environmental goals of Stewardship Track should reach beyond those of Achievement Track or standard EPA regulatory requirements. They should reach beyond the best available technology, and beyond the “fence-line” of individual facilities and into communities to make the environment at large better off. They should address significant environmental risks, and the Program should consider ways by which efforts that fall short are not penalized.

- **EPA Sets Environmental Goals**

Participants in all of the sessions commented that EPA should set specific goals and let companies decide how to attain them, set flexible goals on a facility-by-facility basis and allow companies to pursue areas where they can make the most improvement, or allow companies to choose among a suite of specific environmental activities that would allow them to broaden the focus of their environmental improvements. Stewardship Track could incorporate a rating system (like that of the U.S. Green Building Council’s Leadership and Environmental Design program) that would rate companies for success based on a variety of activities, not just regulatory compliance. This idea was enthusiastically received in the session in which it was mentioned.

People in all the sessions stressed the idea of regulatory flexibility for Stewardship Track companies. More flexibility would allow companies to try new things, rather than be constrained by current regulatory requirements. Stewardship Track companies could pursue the areas where they can achieve the most significant benefit. Participants believed this also would encourage a multi-media approach (to pollution prevention or reduction). One person recommended that there be one overall regulation for Stewardship Track participants that would supersede other regulations and would provide flexibility for companies. Others disagreed, and stated that there should not be a new regulatory system; new regulations would be a disincentive for companies to join Stewardship Track.

One commenter suggested that environmental performance goals set by EPA for Stewardship Track companies should be significant, measurable, and easily understood by the general public. Another suggested that EPA should simply set goals, and just leave companies to work out how they will reach them. EPA should become a “strategic goal setting agency.” Another commenter stated that EPA would need to ensure that Stewardship Track’s environmental goals are attainable.

People in several sessions recommended the related idea of Stewardship Track avoiding focusing on a single environmental goal. Stewardship Track should take a multi-media approach to address a broad array of environmental goals and large environmental problems on a geographic or ecosystem level.

A few people suggested that EPA embrace an overall theme of continuous improvement (for environmental performance), and that through regulatory flexibility provide the capacity to address new issues and adapt to future concerns. To this end, EPA could define business practices that would lead to improvements in environmental performance. For example, Stewardship Track companies could partner with other corporations to share practices that will

improve environmental performance. EPA can contribute to this goal by providing case studies and a mentor from the agency to provide companies assistance as needed.

- **Trust**

Related to regulatory flexibility, comments in three of the sessions focused on the concept of trust, and that for environmental goals to be achieved (and Stewardship Track to be a success), EPA and the public must have a high degree of trust that Stewardship Track companies will work toward superior environmental performance. To build greater trust, EPA should maintain as much flexibility as possible, and encourage the public, environmental organizations and the business sector, to work together toward environmental goals. In addition, performance of Stewardship Track companies should not be measured using Achievement Track's metrics.

- **Product Life Cycle**

Participants of several sessions mentioned the need for Stewardship Track environmental goals to focus on the whole product life cycle, from raw materials to finished product. Stewardship Track should seek to link environmental thinking with business thinking and take a sustainability approach. Such an approach would combine pollution prevention, planning and financial goals together, and would effectively allow companies to take credit for the pollution they are *not* emitting.

- **Beyond Compliance**

Several participants suggested that Stewardship Track focus on activities outside of the regulatory arena to incorporate a more diverse range of factors to measure achievement and encourage a more diverse range of businesses to participate. They stated that stewardship can include many activities that do not directly affect the bottom line.

Similarly, several participants stated that Stewardship Track environmental goals should be applicable to small- and medium-sized companies, and include compliance qualities not easily or traditionally measured, such as developing public outreach materials or working to improve environmental health and safety, demonstrating long-term rather than short-term environmental results, fostering and encouraging innovative ideas within companies, and measuring qualitative (as opposed to strictly quantitative) environmental results.

One person suggested that Stewardship Track benchmark achievement to facilities within the same community, avoiding comparisons of dissimilar companies within the same community that could result in unfair measurements.

- **Community and State Involvement**

One suggestion was that Stewardship Track expand on existing community involvement activities, such as education in schools and universities, that will increase community awareness of, and involvement in, environmental initiatives. A related idea was that Stewardship Track, in its environmental goals, should seek to meet the needs of communities. There was general consensus in one session that more State buy-in to Stewardship Track was needed to create a

more effective effort. This buy-in is particularly important in permitting and grants programs.

Incentives

In all sessions, discussions of incentives revealed a similar theme: EPA should give Stewardship Track companies some sort of preferential treatment over non-Stewardship Track companies that will give them a competitive edge, and/or reduce costs. Participants mentioned a variety of business- and administration-oriented incentives, but they all ultimately are based on Stewardship Track members having a special recognized status among companies.

- **Permitting**

Participants in several sessions agreed that a reduction in, or streamlining of, permitting requirements that results in cost savings would be a strong incentive that could help define Stewardship Track. People in one session generated great enthusiasm for the idea of EPA creating separate permitting guidelines to facilitate the permitting process for Stewardship Track member companies. They gave the example of the “C-3” program in Michigan. Another person suggested EPA reduce license and permitting fees [to the extent it can] and institute a means by which Stewardship Track companies could benefit from lower insurance costs. Others suggested EPA streamline the permitting process for Stewardship Track members either by expediting evaluation and approval of currently required permits, or initiating some type of multi-media or “facility-wide” permit for Stewardship Track companies. One person suggested that EPA allow participating companies to write their own permits.

- **Tax credits**

In all sessions, participants suggested EPA give Stewardship Track companies some type of tax credit for membership. Stewardship Track companies could pay reduced or no taxes for environmental technology in their facilities. In one session, it was mentioned that the Agency is not responsible for changes in tax codes, but that their advocacy may encourage discussion of the issue among those responsible for Federal tax regulations.

- **Regulatory flexibility**

Many participants in all sessions recommended Stewardship Track members be given flexibility in meeting environmental compliance requirements, to reduce costs, increase efficiency, and ultimately result in greater environmental benefits. One commenter said that a single compliance model doesn't fit every type of company. EPA tends to set up big compliance models designed for big companies. An alternate approach would be to incorporate multiple sizes of models that would serve to allow small and mid-size companies to be environmental leaders. The potential to improve the environment is greater than currently realized because it does not accommodate the limitations of small and mid-size companies. Stewardship Track could lead the effort to include compliance models for small and mid-size businesses.

Other commenters suggested that Stewardship Track companies be given flexibility to avoid standard compliance processes, so that they may focus on innovations. Stewardship Track members could have the flexibility to make rapid production changes with minimal requirements once they reach a certain level of trust with the EPA. A company's flexibility with regulatory requirements would last as long they sustain a certain level of compliance. EPA also could extend time-lines for environmental compliance, effectively making a trade off between regimented technical standards and investment in recognized environmental quality needs. Through Stewardship Track, EPA could allow companies to experiment with pilot projects similar to Project XL, but not as formal. Another comment was that EPA should focus on the ends and let industry focus on the means.

- **Public recognition**

Participants in all sessions stressed the importance of public recognition for Stewardship Track companies. Ideally, companies participating in Stewardship Track would be able to associate goods and services with the program. EPA would make Stewardship Track a household name by educating the public about the merits and purpose of the Program, and would endorse Stewardship Track companies; Stewardship Track participants would be able to use the Stewardship Track logo and Program name in advertisements to promote corporate successes and gain an edge in the market. Several participants suggested that EPA develop a rating system with a high degree of public awareness (similar to EPA's mileage rating for automobiles) for companies taking part in the Stewardship Track, which would give them public recognition for their participation and accomplishments.

- **Market advantages**

Individuals in the sessions recommended a variety of ways in which companies could be given a market advantage through participation in Stewardship Track. They could have greater access to government markets through preferential purchasing points in government contracting or some sort of preferred supplier status. People also suggested that somehow Stewardship Track companies be given increased speed to the market or some kind of price advantage, although they did not elaborate on how that would work.

- **Reporting requirements**

Many session participants mentioned the importance of reducing, simplifying or streamlining

environmental reporting requirements. An industry participant suggested that the EPA allow Stewardship Track members to report only when their companies had exceeded established emissions limits. Otherwise their information would need only be kept on file and available to EPA for review. Other people suggested one-time annual or paperless reporting, or that Stewardship Track facilities be put on a low inspection priority list. Currently, companies invest a lot of time in reporting to meet regulatory requirements rather than in process innovations that could benefit the environment.

- **Knowledge sharing/mentoring**

One participant suggested a good Stewardship Track participation incentive would be a peer exchange program in which environmental best practices, successes, and problem-solving efforts are shared among companies. Stewardship Track could provide a forum whereby small companies would have the opportunity to work with large companies in a small/large business mentoring program.

- **Information**

People in several sessions appeared to express a consensus opinion that access to information for Stewardship Track companies could serve as a program incentive. EPA could establish a single point-of-contact, or liaison, to communicate with Stewardship Track companies regarding their EPA-related questions or concerns. Stewardship Track companies could be given early information about issues which will or could affect their industry, through a “communication heads-up” such as an email, or member-accessed website.

- **Individually designed incentives**

One participant suggested that some companies would want to be able to choose their incentive. In a suite of different incentives to join or remain in Stewardship Track, a company could choose one that entices them the most.

Program Operations

All of the other “categories” of discussion touch on program operations, but there were a number of ideas presented during the sessions which are best summarized separately under the Program Operations topic.

- **Program Relationships**

Comments from several sessions touched on how Stewardship Track companies should relate to other companies, the EPA and state agencies. In regard to inter-company relations, commenters in several sessions mentioned the idea of Stewardship Track incorporating a mentoring program aspect, in which Stewardship Track companies would mentor other companies or organizations to help them improve environmental compliance or join the Stewardship Track Program itself.

Another idea regarding inter-company relations was that EPA facilitate regular meetings with the companies involved in Stewardship Track to share experiences, lessons learned, success stories, etc., and to assess how the Stewardship Track Program is working.

Several people suggested that the Program seek to establish stronger relations between government agencies, at the Federal and state levels, to improve coordination of environmental programs. Single points of contact in EPA and state agencies would be helpful.

- **Application/Acceptance**

A number of participants commented that EPA should have different (than in the Achievement Track Program) ways of recognizing and accepting new Stewardship Track companies into the Program. One person suggested that potential Stewardship Track companies should demonstrate 2-3 years commitment to environmental performance prior to acceptance into the program. EPA should model Stewardship Track on the Star Track program, in which EPA contracts a third party to investigate facilities prior to participation. Participation in Achievement Track should not be considered a requirement for membership in Stewardship Track. Furthermore, the goals for Stewardship Track should be long term, 3, 5, or 10 year goals.

Other commenters suggested there be multiple means by which to enter the program. Examples included allowing into the Program vendors that meet certain environmental criteria, considering the (longevity) record of companies that already meet Achievement Track criteria, choosing companies who already have state or Federal recognition from another program, allowing companies to choose themselves through some sort of self-declaration, or allowing 3rd party confirmation that a company meets Program qualifications.

- **Relationship with EPA**

One person suggested that Stewardship Track companies have a closer collaboration with EPA, and that EPA be utilized in more of an advisory capacity rather than an enforcement capacity. Another person suggested that EPA take advantage of the charter members of Performance Track as an advocacy group to encourage new company participants. Similarly, Stewardship Track could have a mentoring component designed to share environmental compliance solutions, in which Stewardship Track companies would help small companies into the Achievement Track Program.

- **EPA Organization**

Participants in several sessions mentioned a need for EPA to build the Stewardship Track Program into their structure, because of a perception that innovative ideas possibly appropriate to

Stewardship Track could be easily struck down in the regulatory process. There's a need for organizational change within EPA. That change could be brought about by a change agent within the Agency, such as an ombudsman, who could help equip the Agency for change brought about through Stewardship Track.

- **Structure of the Program**

There was consensus in one session that the Stewardship Track Program should be more structured than the Achievement Track Program, particularly in regard to facilities' Stewardship Track activities and how companies relate to their communities, because Stewardship Track represents a greater degree of commitment.

- **Accountability**

Participants in one session seemed to agree that the goals of Stewardship Track will be successful only if its members are held accountable for their participation. To institute accountability, EPA should define how Stewardship Track will measure and evaluate success. Once success is defined, companies should be accountable for taking a leadership role and demonstrating exceptional environmental performance.

Roles

Participants in all of the sessions discussed potential roles for various players in Stewardship Track, including EPA, the Stewardship Track company participants, community stakeholders and non-governmental organizations (NGOs), and local and state government agencies.

Role of EPA

- **Honest Broker**

Many discussions touched on the idea that EPA, because it must answer to a variety of constituents, is in an ideal position to facilitate dialogue between Stewardship Track companies and other groups, and that one of its main roles should be as liaison between other organizations. One participant noted that if NGOs are not part of the Stewardship Track Program, they should not take a leadership role. However, participants in several sessions noted that NGOs need to buy into the Stewardship Track Program for it to be successful. They may perceive that Stewardship Track is a form of environmental backsliding on regulatory issues, and criticize it. Meanwhile, participants noted, NGOs aren't always interested in participating in these types of Programs.

EPA is in a position in which it can encourage NGO participation. One idea was to have NGO or peer groups evaluate Stewardship Track applications. Another was to stress the equality of stakeholders in Stewardship Track, while clarifying roles that different stakeholders play in the process. One person disagreed with this idea stating that stakeholders in the process cannot be equal, since not all would apply to the program, and the ability to not participate should make some stakeholders (i.e. NGOs) less equal in the process than others. Another idea presented was to communicate the elements of Stewardship Track efforts that coincide with NGO interests, which would encourage their commitment to the program.

EPA likewise has a role to play in interesting community members in Stewardship Track who would otherwise be disinterested. Brokering interest among communities might require different approaches. EPA could rely on a number of different models of collaborative processes used by private companies.

- **Leader**

Participants in several of the sessions noted that EPA has a leadership role to play in the Stewardship Track Program.

EPA participants noted that as companies work to implement changes, EPA would like to work with them in order to develop the best solutions possible. EPA could work with companies to determine their most pressing environmental issues as well as coordinate with companies to create opportunities for mentoring and knowledge sharing within a particular industry.

In one session, participants appeared to come to a general consensus that EPA needs to ensure that both states and communities take part in the program. EPA should likewise work proactively with environmental groups to encourage their participation. As one participant noted, environmental groups have often studied the issues, but lack the resources to make changes happen. He added that this process will not work without the cooperation of these groups. Another participant suggested that a wider range of entities be considered to qualify for the Stewardship Track program and that partnerships between non-governmental organizations, environmental groups, facilities, companies, etc., be included in order to promote coordination among these entities.

One participant suggested that someone in the Agency with power should be an advocate for the Stewardship Track program and that their role would be to bring new ideas forward. The role of this person within EPA would be to analyze statutes to identify areas in laws where EPA could remove barriers and encourage regulatory flexibility in support of Stewardship Track companies.

- **Communicator**

Many participants identified a key EPA role as communicator. One person criticized EPA for not communicating the purpose and significance of the Stewardship Track Program, and said that plain black and white information flyers and notices in the Federal Register would not suffice to adequately communicate to the public the importance of Stewardship Track. This person suggested that EPA develop a brochure, that Stewardship Track companies could then distribute to consumers or other companies in the production chain.

Participants in several sessions focused on the idea of “branding,” as a way to sell the Stewardship Track Program to the public. Name recognition would be a benefit to Stewardship Track companies by giving them positive reinforcement in their communities. The “brand” would be synonymous with superior environmental performance. A greater communication effort by EPA to the public and environmental groups would also serve to dispel distrust between NGOs and the companies in Stewardship Track, and to ensure positive reporting in the news media. EPA should also express to states and local regulators that the Agency is soundly behind Stewardship Track, which may help Stewardship Track companies in their relations with state and local agencies.

Other participants suggested that EPA actively promote Stewardship Track membership from a variety of industries to ensure a broader positive impact from the Program.

- **Regulator**

One session participant suggested that EPA work to harmonize all environmental programs within the Federal government and intergovernmentally between Federal and state agencies. There are many regulations that overlap, and EPA should try and bring them together. EPA should identify which regulations Stewardship Track companies need to comply with and how companies operating in multiple states should comply with regulations based on their Stewardship Track status and other state regulations. These regulations should be made seamless. For the Stewardship Track Program, EPA should focus on prevention and encouragement rather than enforcement. EPA should see stewards as a right arm, and not as an adversary.

- **Funder**

One person mentioned that core funding for these programs needs to come from the Federal government.

Role of Stewardship Track Participants

There was a lot of discussion of what the role of Stewardship Track companies should be within the context of the Program. An apparent consensus idea in several sessions was that Stewardship Track participants must be mentors and recruiters for the Program in order to get other companies involved. Stewardship Track companies should bring in new members by publishing reports and reaching out to other companies through workshops in the community, or communication within the supply chain of a company. In addition, Stewardship Track participants should help set and develop environmental performance standards.

Role of Non-governmental Organizations and Other Stakeholders

Participants suggested that EPA and the states should work as a team to implement Stewardship Track. There should be multi-stakeholder ownership of the Program, and multiple stakeholders should be involved in the Program's design and operation. The Program should reflect a partnership between all stakeholders affected by its implementation. It was suggested that communities play a role in environmental stewardship, once informed of what facilities are doing in Stewardship Track. Communities need to know what resources are being used and how facilities are preventing, reducing pollution and waste. Communities must also be aware of the environmental impact and costs, to both companies and the community, associated with pollution reduction.

Role of Other Federal Agencies

Participants in several sessions suggested that Stewardship Track should focus on interactions between federal agencies. EPA could work with other Federal agencies as a catalyst to establish consistent, government-wide incentives that promote stewardship. The Program must eventually represent a coalition of Federal Agencies, so that businesses can market their environmental

compliance to more agencies than just the EPA. One participant suggested involving the U.S. Fish and Wildlife Service and Army Corps of Engineers, particularly in regard to fish and river issues. This person further suggested that Stewardship Track lacks meaning until other Federal agencies are involved. Another person stated that more companies would be likely to join the Program if it involved more Federal agencies. One commenter responded that adding Federal agencies to the Program would also complicate it.

Role of Local Government

Participants in one session stressed the need for local governments to support the Stewardship Track Program from a regulatory perspective. EPA would benefit from local government cooperation in implementing the Program. EPA could offer some types of incentives to local governments that support Stewardship Track (a “municipal Stewardship Track”), and could involve them as part of the “team” in making Stewardship Track decisions.